

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-09 FRB-01 INR-07 NEA-10 NSAE-00 USIA-15

OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01

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FM USMISSION OECD PARIS

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INFO USDA/WASHDC

ALL OECD CAPITALS 0554

AMEMBASSY BELGRADE

USMISSION EC BRUSSELS

USMISSION GENEVA

UNCLAS SECTION 01 OF 02 OECD PARIS 32149

PASS: USDA FOR G. FRASER AND M. WITCHER, FAS

E.O. 11652: N/A

TAGS: EAGR OECD

SUBJECT: WP-4 (MEAT) OF COMMITTEE FOR AGRICULTURE,
23RD SESSION, OCTOBER 25-27, 1976.

FIRST PART OF REPORT.

1. SUMMARY: AUSTRALIA AND NEW ZEALAND BROUGHT UP IMPOSITION OF MEAT IMPORT QUOTAS BY U.S. ADDRESSING THEMSELVES TO 1977, THEY OBSERVED PROJECTED DECLINE IN U.S. PRODUCTION IN 1977 AND ASKED THAT U.S. MEAT IMPORT POLICY FOR 1977 BE DEVELOPED WITH THAT OUTLOOK AND IMPLICITLY LARGER IMPORT REQUIREMENTS IN MIND. END OF SUMMARY.

2. CHAIR (ANHALT, FRANCE) POINTEDLY REGRETTEED ABSENCE OF ITALY AND CANADA. AGENDA (AGR/WP4/A(76)2) WITH "MEAT SITUATION - CURRENT TRENDS AND OUTLOOK" AS ONLY UNCLASSIFIED

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SUBSTANTIVE POINT ADOPTED.

3. AUSTRALIA (HALL) AND NEW ZEALAND (SHEPHERD) REGRETTED RECENT IMPOSITION OF IMPORT QUOTAS BY U.S. HALL CALLED IT A TROUBLESOME ACTION AND INTERFERENCE WITH FREE MARKET FORCES. SHEPHERD ACKNOWLEDGED THAT LEVEL OF N.S EXPORTS TO U.S. IN 1976 WAS NOT AFFECTED BUT EXPRESSED FEAR THAT THE ACTION TAKEN MAY MAKE IT MORE DIFFICULT TO FREE U.S. IMPORT TRADE IN THE FUTURE.

4. U.S. DEL (HIRSCH) EXPLAINED MEAT IMPORT LAW AND RECENT QUOTA ACTION STRESSING (1) THAT LATTER PERTAINS TO BALANCE OF 1976 ONLY, (2) ALL COUNTRIES WITH WHICH U.S. SIGNED VOLUNTARY RESTRAINT AGREEMENTS CAN EXPORT TONNAGES PROVIDED THEREIN, (3) QUOTA EXCEEDS STATUTORY MINIMUM, I.E. THE ADJUSTED BASE QUANTITY, BY 10 PERCENT AND (4) 1976 IMPORT ENTITLEMENTS EXCEED 1975 ACTUAL IMPORTS UNDER VOLUNTARY AGREEMENTS AND THESE IMPORTS IN TURN SUBSTANTIALLY EXCEEDED 1974 IMPORTS WHICH WERE COMPLETELY FREE. HE STATED FURTHER THAT FOR 1977-OPTIONS FOR PRESIDENTIAL ACTION ARE BEING DEVELOPED. THE ADJUSTED BASE QUANTITY UNDER THE LAW IS A FUNCTION OF AVERAGE 3-YEAR PRODUCTION. BASED UPON ERS LIVESTOCK AND MEAT SITUATION 211, PAGE 2, 1975-77 PRODUCTION WILL EXCEED 1974-76 PRODUCTION. THUS STATUTORY MINIMUM WILL BE LARGER THAN FOR 1976.

5. AUSTRALIAN AND NEW ZEALAND DEL'S THEN OBSERVED THAT SECRETARIAT IN AGR/WP4(76)9 AND ECONOMIC RESEARCH SERVICE USDA (OP.CIT.) PROJECTED REDUCED U.S. PRODUCTION IN 1977. THEY ASKED THAT U.S. MEAT IMPORT POLICY FOR 1977 BE DEVELOPED WITH THAT OUTLOOK AND IMPLICITLY LARGER IMPORT REQUIREMENTS IN MIND. THEY SPECIFICALLY ASKED FOR EARLY INDICATIONS OF U.S. IMPORT REQUIREMENTS DURING SECOND HALF OF 1977. RESPONSE TO MARKET FORCES

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WOULD BE AIDED IF THEIR INDUSTRIES WERE ENABLED TO DEVELOP THEIR EXPORT PROGRESS EARLY. BY CONTRAST, SUDDEN INCREASES IN MARKETING ENTITLEMENTS MIGHT CAUSE ADJUSTMENT DIFFICULTIES WHICH MIGHT BE AVOIDED BY LOOKING SUFFICIENTLY FAR AHEAD.

6. REGARDING CONTINUED LARGE SHIPMENTS OF BEEF FROM CANADA INTO THE U.S. CAUSED BY THE SUBSTITUTION OF CHEAPER AUSTRALIAN AND NEW ZEALAND MANUFACTURING BEEF IN THE CANADIAN MARKET, NEW ZEALAND (HARRISON) EXPLAINED THAT HIS COUNTRY HAD BEEN IN A STRATEGIC POSITION TO SUPPLY THE CANADIAN MARKET EARLY IN THE YEAR, AS SOON AS CANADA HAD LIFTED ITS RESTRICTIONS. AUSTRALIA THEN STARTED A PRICE WAR. HOWEVER, HE SAID, NEW ZEALAND NEVER SOLD AT 25 CENTS BELOW COMPARABLE U.S. IMPORT PRICES (AS STATED IN USDA PRESS RELEASE 2907 WITH REGARD TO NEW ZEALAND AND AUSTRALIA). FINALLY, A 6-CENT UNCLASSIFIED

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DIFFERENTIAL WAS AGREED UPON FROM JUNE-JULY ONWARD BUT THERE WERE INDEED DIFFICULTIES WITH MAKING THE ARRANGEMENT STICK. NEW ZEALAND, HE EXPLAINED, HAS MORE CONTROL OVER EXPORTS THAN AUSTRALIA. IN CLOSING HE REGRETTED ABSENCE OF FREE MARKET ACCESS IN NORTH AMERICA, BUT CONTRASTED HIS COUNTRY'S ABILITY TO SELL SIGNIFICANT AND EXPANDING QUANTITIES THERE IN CONTRAST TO THE EC AND JAPAN.

7. REPORT ON OTHER ASPECTS OF MEETING TO BE COMPLETED IN SEPARATE TEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEATS, AGRICULTURAL COMMODITIES, COMMITTEE MEETINGS, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP32149
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760405-0006
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976104/aaaaadgq.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 19 AUG 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 AUG 2004 by cookms>; APPROVED <15 SEP 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WP-4 (MEAT) OF COMMITTEE FOR AGRICULTURE, 23RD SESSION, OCTOBER 25-27, 1976. FIRST PART OF REPORT.
TAGS: EAGR, EPAP, US, AS, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006